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## OLIVEZ: BUSINESS PLAN FOR A STARTUP COMPANY

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## **Executive Summary**

Olivez is a gourmet grocery shop specialized in the selling of all-natural, biological and sustainably sourced products, of which may be included a diverse range of nuts, dried fruits, herbs and spices and, as the name so entails, olives.

Its core values revolve around three main concepts:

- Responsibility and Sustainability – in which it promotes the advantages of reducing waste management, and the consumption of sustainably sourced products in the lives of our community and those around it.
- Customer Experience – At Olivez, customers come in first place, which is why the company continuously strives to achieve the best quality in everything they do, from customer experience to the quality of its products.
- Healthy living – with a wide variety of products, we hope to motivate our customers into having a more diverse and balanced lifestyle.

As a means to get a good head-start in the number of customers it obtains, management has decided that instead of opting to start selling its products from the traditional brick-and-mortar store, thus immediately committing to one location, it will choose a more mobile means – a trailer. By taking advantage of the trailers greater mobility, it will enable the company to tap into a wider portion of its desired market. With its strategy Olivez estimates that it will achieve approximately 106.516€ in total sales.

On the other hand, the company's business model is primarily characterized by three main factors, the first being a single stream of revenues as the company solely relies on retail sales, the second being low gross margins as it essentially sells commodity products and finally the second being low per unit investment costs as per the extremely cash intensive nature of the business.

Under the current assumptions of economic model and taking a look at the financial statements of the company, Olivez will be able to achieve positive cash flows in between the first and the second year of operations. Specifically looking at its cash flow statement, it is estimated that with only unit in operation, Olivez will have paid back its initial Investment shortly after 3 years of operations.

To assess the viability of the project, two particular measures were used: the Net Present Value, and the internal rate of return. Given the especially risky nature of the firm itself, a minimum required rate of return for the company was assumed to be at 25%. This yielded a positive net present value of almost 98.000,00€ suggesting that the management team should proceed with the investment in this project. In what regards the second measure of profitability, the result was also extremely in favour of the decision to invest in the project as, the Internal Rate of Return (i.e. the rate at which the net present value equals zero) was 58%, well above the project's minimum required rate of return.

The management team, must however take into consideration all the risks that even this economic model entail, as some slight deviations from the reports estimated results may imply that Olivez's performance be severely jeopardized.

## Concept

Set in the heart of Lisbon, Olivez is a gourmet grocery store selling a wide variety of nuts, dried fruits, herbs, spices and, of course, olives. Though unlike any other regular store, Olivez wishes to bring new and modern life into what used to be the one of the most common forms of commerce - selling in bulk.

## *Core Values*

Olivez's philosophy revolves around three main pillars, based on which it performs its day-to-day activities. These are as follows:

- **Responsibility and Sustainability** – Selling in bulk means, above all, being able to provide customers with the absolute freedom to buy exactly according to their needs. Whilst doing so, we hope to make them more conscious of the malicious effects of poor waste management and thus inspire them to reduce waste itself and create a more sustainable environment.
- **Customer Experience** – Born with the desire to offer high quality, natural products, we hope our store format takes our customers on a self-discovering journey, surrounded with both familiar and unfamiliar tastes and smells. Being our number one priority, our ultimate goal will be to continuously search for the best quality products and service so as to establish a strong and lasting relationship.
- **Healthy Living** – Providing a greater product variety, not only do we wish for customers to have the most unimaginable experiences, but also do we wish to instil in the minds of our community the impact diversity and biological ingredients have upon their lives and of those surrounding them.

## Market

The following chapter makes a complete description of the gourmet groceries market's evolution by summarizing some of its food trends, important market factors and many others.

## *Context*

The past decades have seen endless shifts to consumer tastes and behaviour forcing a countless number of companies to practically reinvent themselves. As such, all focus must now be placed upon

the youngest of generations (Millennials and Generation Z) who are now beginning to start their careers and forming households.

- **Digital Grocery** – Across the entire globe, digital is redefining the grocery shopping experience. In a recent study handed out by The Nielsen Company, approximately one-quarter of online respondents claimed to order grocery products online, and more than half (55%) stated their intentions of doing so in the future.
- **“Back to basics”** – As customers insistently battle against artificial colours and flavours, demand for natural, organic and sustainably sourced products has intensified competition within the retail space. So much so in fact, grocery stores have already started devoting extra space solely dedicated to fresh products.
- **Convenience** – Studies have shown that, in recent years, as an increasing number of people are showing a preference for living in urban areas, households have also been gradually decreasing in size. In practical terms, the former may be viewed as a preference for convenience by taking smaller trips to the store. Notwithstanding, convenience stores all over Europe have already started to respond to these shift in demand as they are currently growing at a 5% annual rate, and are expected to reach a growth rate of 25% by the end of 2025.

### ***Target Customers***

Management believes that two segments within Lisbon’s health-concerned population are the most likely to demand Olivez’s premium quality products. The estimates for the total number of health-concerned customers, belonging to these two segments are described in the table below:

<b>Total Market Customers</b>	<b>63.135</b>
Total Medium Income Level	29.450
Total High Income Level	33.685

- **Primary Segment** – Olivez will primarily target its activities to attract healthy-eating urban singles and couples. Earning an above average monthly income of around **1.916,07€**, they typically live in what are considered as the best-frequented sites the city has to offer. Typical age ranges essentially from 25 to 54 and are most densely found in the parishes of Avenidas Novas, Campo de Ourique, Alvalade and Penha de França.

- **Secondary Segment** – Olivez’s secondary customer segment is demo- and psychographically speaking, quite similar to its primary segment, with the only exception that it earns a slightly lesser average income (approximately 1.687,61€ as opposed to the original 1.916,07€).

### ***Industry Analysis***

There are a number of distinct factors influencing the gourmet food grocery industry, some of which may even prove to enhance or threaten Olivez’s chances of establishing its own niche market.

Firstly, although the industry offers small barriers to entry, economies of scale do have an important role, as big players may later on apply mobility barriers given their purchasing, distribution and marketing advantages. Additionally, it is due to the scale of their operation that bigger players have considerable bargaining power over suppliers and still dominate throughout the industry today.

Secondly, defined by its naturally low margins, the industry is especially “prone to fierce competition and price wars”<sup>1</sup>, only emphasizing the extreme importance as to why a company must differentiate in the hopes of becoming the least bit successful. Despite low switching costs, some customer loyalty and differentiation may be achieved by offering convenience and comparatively low prices.

### **Marketing & Operations Strategy**

The below strategic marketing and operational tools were designed to aid Olivez in the creation on an ideal customer awareness and value proposition.

#### ***Marketing***

*Location* – For the very first 6 months of business, Olivez will sell its products through a trailer, which as opposed to a regular local store does not immediately compromise to a single location. Rather, by taking advantage of its mobility to relocate every other month, Olivez will be able to tap into a wider range of customers and create greater company awareness. Once the company takes the format of a local shop, it will primarily focus on locations that combine the perfect amount of foot traffic as well as that of a high target customer concentration.

*Price* – Olivez believes in a just pricing method for its products, one that essentially values product quality. The goal would be to find a middle ground between the lowest prices in the industry, and the

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<sup>1</sup> Market Realist: Porter’s Five Forces of the US Grocery Industry



highest. Management believes this strategy will keep the company competitive in an industry with high propensity of price wars.

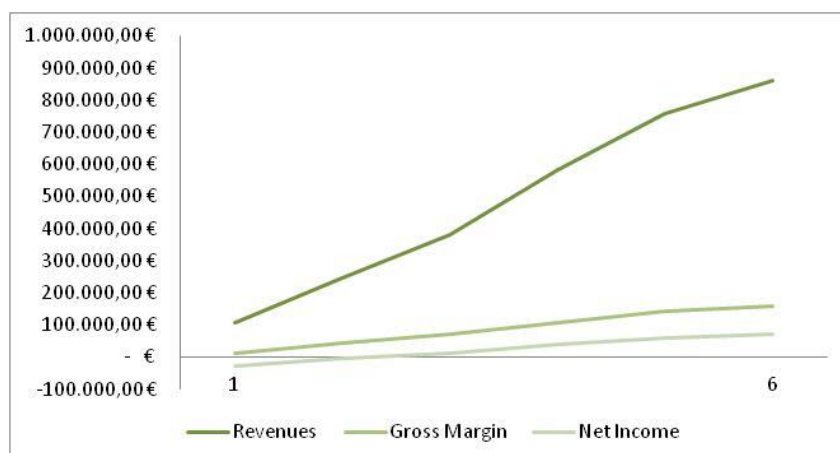
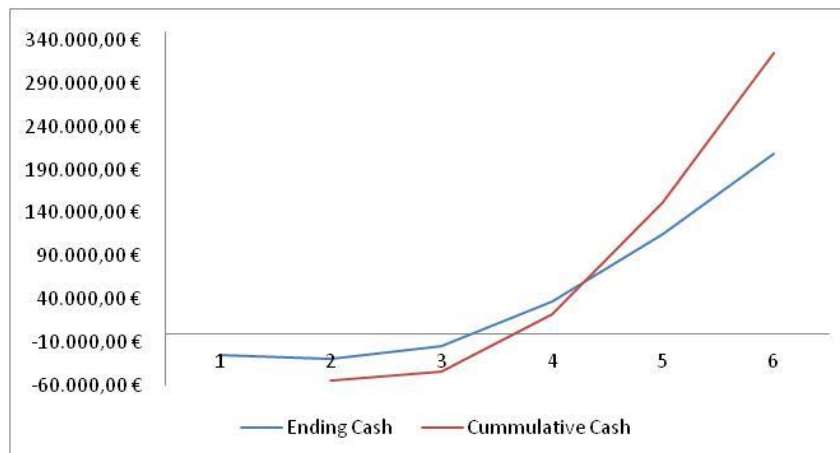
*Advertising and Promotion* – Initial investment in advertising and promotion will be kept at the lowest possible values, for the company fully believes in the potential of its “trailer” strategy. Nonetheless, a loyalty card campaign has also been set up (and explained further in this report) which is also believed to help capture additional customers after the company has relocated into a local shop.

### ***Operations and Facilities***

*Local Shop Interior Design* – Olivez prime image revolves

## **Financials**

As illustrated in the below graph, a single unit of Olivez will need slightly more than 3 years after the beginning of its operations to pay back its initial investment, as positive cash flows are also achieved within approximately the same timeframe.



## ***Business Model***

*Single revenue stream* – As depicted throughout this report, Olivez’s current concept solely allows for revenues to be driven by retail sales. However, as the firm continues to grow its brand equity, management believes that there are other compelling revenue streams that should not be left behind without careful consideration. Examples of these additional revenue streams include online sales, catering and/or restaurant supply.

*Low gross margins* – Selling products that are essentially viewed as commodities, Olivez’s concept ultimately relies on low gross margins. In fact, our economic model estimates that all else constant, average gross margin for the first 6 years of business will represent approximately **18,32%** of total revenues. Olivez should therefore seek to invest in activities that would simultaneously enable a higher differentiating factor from its competitors as well as higher gross profits, by considering, for example to co-manufacturing with one of its suppliers and create its 100% authentic private label.

*Low per unit investment costs* –According to a recent study from PWC “the grocery sector remains the most working capital efficient sub-sector”<sup>2</sup> worldwide. Given the cash-intensive nature of the business, working capital requirements reveal to be quite low. Appendix 1 provides a description of the assumed startup costs for Olivez’s operations.

*Geographical Expansion* – In the long run, and as soon as the economics behind this model have been proven by the performance Olivez’s first local store, the company will seek possible strategies to multiply the number of units across the nation.

## ***Assumptions***

Portraying a conservative estimate on each variable, Olivez’s pro-forma financial statements were developed with the use of several assumptions as those carefully described in the pages to follow.

*Demand* – Given the diversity of Olivez’s product portfolio and its sensitivity to changing consumer behaviour, it is of the utmost importance that the company understand the demand for each of its segments. Recent statistics on the nation’s agricultural activities have shown that monthly per capita consumption for each product was expressed by the following quantities:

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<sup>2</sup> PwC: “Cash for Growth – Working Capital in the Retail Sector”, December 2014

Dried Fruits		Nuts		Olive Oil (OO)			Olives	Herbs &Spices
Natural	Proc.	Natural	Proc.	OO	Virgin	ExtraV		
0,038kg	0,025kg	0,228kg	0,098kg	0,206kg	0,206kg	0,206kg	0,042kg	0,017kg

This table will therefore represent the typical consumption bundle for every one of Olivez's target customers.

*Suppliers* – Being recognized for the quality of its products, to be able to select the best and most trustworthy suppliers, is something that should definitely not be overlooked. Among a big list of potential suppliers, four Portuguese producers were selected and set to a specific product segment.

Product	Company Name	Country	Contact
Olives	Sabores Apurados	Portugal	geral@saboresapurados.pt
Olive Oil	Quinta do Juncal	Portugal	Azeite_quintadojuncal@hotmail.com
Nuts and Dried Fruits	Frusel	Portugal	geral@frusel.pt
Herbs & Spices	Vasco Pinto	Portugal	geral@vascopinto.com

In future however, as Olivez grows to become a bigger company, it would be advisable to search for a greater number of suppliers so as to minimize the risk of resource shortages.

*Cost of Sales* – Each product has a specific cost as charged by its respective producer – our supplier. This same cost already includes a 6 or 23% VAT rate, depending on the level of processing the raw material has undergone. The table below demonstrates the average prices charged to Olivez.

Dried Fruits		Nuts		Olive Oil (OO)			Olives	Herbs &Spices
Natural	Proc.	Natural	Proc.	OO	Virgin	ExtraV		
3,82€	7,58€	14,11€	9,36€	2,97€	3,82€	4,58€	1,70€	13,73€

*Inventory* – Inventory is assumed to be repurchased once every month, this being the minimum number of times required to ensuring the quality and freshness of its products.

*Transportation Costs and Quantity Discounts* – Both transportation costs and quantity discounts have also been taken into account. Information gathered from the suppliers themselves stated that transportation costs would usually represent approximately 5 to 10% of the total amount of products ordered. Nevertheless, in the event of placing an order of more than 300 euro's worth, then no transportation costs would be accounted for. On the other hand, despite confirming the chances for quantity discounts, none disclosed the specific terms under which they would occur. It was therefore assumed that Olivez would be granted a 10% discount over all orders greater than 300€, immediately after it completed its first year in business. Until then it would only granted a 5% discount rate, the

change of discounts being essentially related to Olivez's significant increase in the number of sales, to be explained further below.

*Sales* – In a highly competitive environment as that in which Olivez may find itself, to have the “first mover advantage is the ultimate key to success. As such, the company will initially sell its products from a trailer, as opposed to a traditional brick-and-mortar store. Under this assumption, not only will Olivez benefit from not immediately committing to one location, but it will also have a better chance of tapping into a much wider range of customers without having to incur considerable costs of advertising and publicity.

Starting from the first month of sales, Olivez will move every other month between three different locations: Alvalade, Campo de Ourique and Avenidas Novas. It is expected that initial sales in Alvalade will start at **300** units, after which it will grow an extra **10%**. After the second month is complete, the trailer will then move to Campo de Ourique, where it will gain another 300 in sales, adding up to Alvalade's retained sales (i.e. customers who remained loyal to the brand after its move to Campo de Ourique). This retention rate has been assumed to be **56%** of Alvalade's second month in business. This same process will be repeated as soon as it leaves for Avenidas Novas. By the end of the sixth month, Olivez is expected to have gained a total of **726** unit sales, which translates into **5.795,25€** in revenue.

Finally, by the time Olivez has started its local store sales in month 7, the company will issue a loyalty card campaign. The card will allow customers to benefit from a 20% discount on their next purchase if they bring a friend who makes also makes a purchase and creates a card. Assuming that every person who has created the card will bring a friend, it has been estimated that the viscous cycle will continue until month 11. From month 11 and 13, unit sales will fade at the same rate of retention as before (56%). Under this scenario, the loyalty card will have yielded a total of **1.943** unit sales and **16.156,06€** in revenues.

*Unit Selling Price* – A mark-up of 20% has been used to calculate unit selling prices per product, which are shown in the table below:

Dried Fruits		Nuts		Olive Oil (OO)			Olives	Herbs &Spices
Natural	Proc.	Natural	Proc.	OO	Virgin	ExtraV		
4,35€	8,64€	16,08€	10,67€	3,38€	4,35€	5,74€	1,93€	18,13€

### ***Other Major Assumptions***

*Rent* – To ensure success, Olivez must search for locations that have a combination high traffic and high concentration levels of above average disposable income families. This will ultimately result in higher rental expenses. As such, in the area of Avenidas Novas, the average rent of a shop with approximately 50m2 at a unit price of 18,71€/m2, would represent a total of 935,49€ per month.

*Labour* – In light of Olivez's chosen expansion strategy, the firm will be hiring a minimum of two full time employees, at the base salary of 1.000,00€ a month. According to Portuguese legislation, we must yet add 23,75% as social security, 1,00% as work insurance and a daily food allowance of 4,52€. Total payroll costs per employee will, in this case add up to 1.543,43€ a month, growing at the rate of monthly inflation (0,75%). The number of employees will continue increasing so as to compensate for the company growth in sales.

*Balance Sheet Items* – Both account receivables and account payables have been assumed to be non-existent for the entire period of Olivez's business activities.

### ***Breakeven Analysis***

The chart below summarizes a breakeven analysis for the first 6 years of operation:

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>
Yearly BE	381.446,82€	262.287,02€	283.711,49€	306.931,96€	332.089,10€	359.349,30€
Monthly BE	31.787,23€	21.858,25€	23.642,62€	25.577,66€	27.674,09€	29.945,78€
% of eSales	358,11%	107,40%	74,15%	52,47%	43,86%	41,60%

Unit's breakeven point versus expected level of sales, becomes increasingly favourable after Olivez's first year in business. In light of previous assumptions, the variable to which breakeven is most sensitive to is total unit sales

### ***Financing***

The attached proformas assume a startup capital of 14.312,29€ which is fully financed by equity. In the future, however, Olivez's owners may seek to pursue other rounds of investments in order to proceed with the expansion of the project. At that moment in time, ideal investors would include those with significant experience and understanding of the industry, as well as those who seek to add value

by acting as the advisors of the management. It has also been assumed that investors from the first round will receive common stock.

### ***Net Present Value and Internal Rate of Return***

Two indicators were used to assess the investment viability of this project: the first being the Net Present Value (NPV) and the Internal Rate of Return.

As for the first measure of financial viability, and given the riskiness that is usually associated to a startup company, management chose to proceed with an assumed discount rate of 25% and a growth rate of 0% for all cash flows coming after Olivez's initial 6 years of business. These assumptions provided with a total salvage value of approximately 280.674,98€ (not at present value). With an initial investment of 14.312,29€, total NPV was equal to 97.923,88€, which by being greater than 0, under the NPV rule constitutes a decision to invest.

Secondly, the Internal Rate of Return deemed a total value of 57%. Being higher than the minimum required rate of return, in this case the assumed 25% discount, conveys management a positive response toward the viability of this investment.

### ***Scenario Analysis***

There are several ways in which Olivez may put its strategy into practice. The first scenario question which management has to answer is the type of store format to choose from. In this case there were possible answers: trailer; local store and a shopping centre. The latter of the three was almost immediately excluded from possible scenarios as its costs were extremely high. The decision then came down to the remaining options: the trailer or the local shop. From these two choices, management considered three possibilities: just the trailer, just the local shop or a combination of the two. Because the first two options were too limited in terms of possible future success for Olivez, management naturally chose the combination of two being that it would first select the trailer format and take advantage of its mobility to tap into a higher number of target customers and thence choosing to focus on a fuller version of its proof-of-concept as provided by the local store format. However success is never guaranteed, especially in an industry as competitive as the grocery food industry.

Should the company, succeed through the chosen strategy it then focus on expanding into a greater number of store units spread throughout the nation.

### ***Risks***

Being built on assumptions, it is most likely that there are a series of events which have been left unaccounted for which may in fact jeopardize Olivez's performance. Among them we must consider the following:

- *Invalid Economic Model* - Should Olivez's fall way below the expected estimates of unit sales, and average consumption bundle, its performance may be severely hurt.
- *Increasing Competition* – As has been stated before, having the first mover advantage is key to success within the food retailing industry. As such, if competition were to greatly intensify, it may limit Olivez's chances to expand its business.
- *Consumer trends radically change* – Earlier years have gone to prove the speed with which consumer trends come and go. Should these change again, Olivez's whole concept may be completely undermined.

In light of these adversities, it is advisable that management keep periodically updated contingency plans built to address and design strategies to tackle these same adversities.

## **Conclusion**

The food grocery retail market poses some opportunities to the success of Olivez's proof-of-concept, as the majority of customers are starting to prefer smaller, more convenient and less impersonal formats of stores. Nevertheless, competition in this particular segment of the retail industry remains particularly aggressive as it is especially "prone to price wars".

Having analysed the projects' investment viability through two indicators: the net present value and the internal rate of return, management has come to the decision to invest in Olivez, as NPV yielded a positive value of approximately 98.000,00€ and the internal rate of return (56%) was considerably above the projects assumed minimum required rate of return (25%).

There are some certain risks factors that may compromise the projects investment. Namely, the invalidity of the economic model (e.g. changes to the feasible profit margin), drastic changes to consumer behaviour (which has proven to be the norm for the past decades), and finally the significant increase in competition intensity which may inhibit Olivez's chances for success.



## Appendix 01 – Total Startup Costs

FIXED ASSETS	
Real Estate Land	- €
Real Estate Buildings	- €
Leasehold Improvements	- €
Equipments	- €
Furniture & Fixtures	5.000,00€
Vehicle/Trailer	- €
Other	- €
OPERATING ASSETS	
Pre-Open. Payroll	- €
Prepaid Insurance Prem.	- €
Inventory	2.035,33€
Legal & Accounting Fees	- €
Rent Deposits	3.741,96€
Utility Deposits	35,00€
Supplies	500,00€
Advertising & Promotions	- €
Licenses	- €
Other Initial Startup Costs	- €
Working Capital (Cash on Hand)	3.000,00€
<b>TOTAL STARTUP COSTS</b>	<b>14.312,29€</b>

## Appendix 02 – Target Customers

Income Level	Min	Max
High	1.793,01€	2.069,00€
Medium	1458,01€	1.793,00€
Low	811,00€	1.458,00€

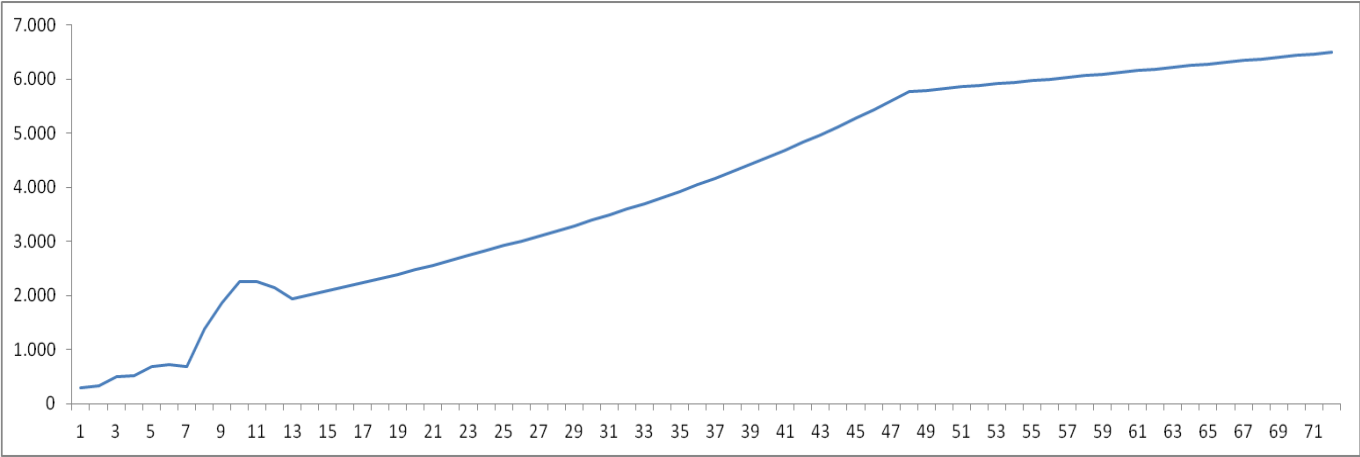
Parishes w/ Above Av. Rev	Average Income	Families	Singles	Income Level
Belém	2.068,42€	7.150	1.277	High
Avenidas Novas*	2.021,84€	9.899	1.768	High
Alvalade*	1.852,70€	14.091	2.517	High
Campo de Ourique*	1.796,80€	10.531	1.881	High
Estrela	1.792,02€	9.325	1.665	Medium
Penha de França	1.746,24€	13.417	2.396	Medium
Misericórdia	1.641,68€	6.583	1.176	Medium
Santa Maria Maior	1.561,50€	6.426	1.148	Medium
<b>Total</b>		<b>140.968</b>	<b>25.176</b>	

\*Chosen locations

## Appendix 03 – The Competition

Competitors	Niche	Product Offering	Online Delivery	Local Store	Location	Origin	# of Units	Growth Plan
Club del Gourmet, El Corte Inglés	Gourmet, Supermarket	Charcutaria Groceries   Biscuits, Cake & Bread   Sweets & Chocolate   Dairy Products Frozen   Drinks & Juices   Wine Selection   Liquors & Others	Yes	Yes	Avenidas Novas, Lisboa	Spanish		
Mercado Bom Gourmet	Gourmet, Specialty	Wine Selection   Liquors & Others   Jams & Biscuits   Olive Oils Teal   Gift Baskets Nuts   Olive Oils Olives	Yes	No	-	Portugal		
Tentações Gourmet	Gourmet, Specialty	Biscuits   Sweets&Chocolate   Teas Pastes & Jams   Gift Baskets Others	Yes	No	-	Portugal		
La Petillante	Gourmet, Specialty	Wine Selection   Champagne Others	No	Yes	Campo de Ourique, Lisboa	France	1	
Loja das Conservas	Gourmet, Specialty	Preserves	No	Yes	Santa Maria Maior, Lisboa	Portugal	1	
Leonidas	Gourmet, Specialty	Belgian Chocolates	No	Yes	Avenidas Novas, Lisboa	Portugal	2	Yes
O Mundo Fantástico da Sardinha Portuguesa	Gourmet, Specialty	Preserves	No	Yes	Rossio, Lisboa	Portugal	1	
Maria Granel	Bulk Gourmet	Nuts Herbs&Spices   Bio Sweets	No	Yes	Alvalade, Lisboa	Portugal		Yes
Casa a Granel	Bulk Gourmet	Dried Fruits Cereals   Seeds Nuts Flour   Rice Granola Beans	No	Yes	Campo de Ourique, Lisboa	Portugal		
DuMonde Chocolat	Gourmet, Specialty	Chocolate Teal   Truffles Liquors	No	Yes	Lisbon Area	Portugal		Yes
VillaBio	Bio Groceries	Fruits Vegetables   Power foods  Granola   Wine Olive Oils Teas	No	Yes	Restelo, Lisbon	Portugal		
PrimeSeeds - Frutos Secos do Mercado	Bulk Gourmet	Nuts Dried Fruits Granola	Yes	Yes	Campo de Ourique, Lisboa	Portugal		
Mercearia do Poço dos Negros	Bulk Gourmet	Dried Fruits Fruits   Cheese Specialties	No	Yes	Rua do Poço dos Negros, Lisboa	Portugal		

**Appendix 04** – *Sales Assumptions*



Statement of Cash Flows	1	2	3	4	5	6
Beginning Cash Balance	3.000,00 € -	25.414,08 € -	28.814,71 € -	14.798,45 €	36.906,00 €	115.975,51 €
<i>Cash Inflows</i>						
Income from Sales	106.516,28 €	244.207,48 €	382.596,63 €	584.924,92 €	757.120,86 €	861.926,52 €
Accounts Receivable	- €	- €	- €	- €	- €	- €
Total Cash Inflows	106.516,28 €	244.207,48 €	382.596,63 €	584.924,92 €	757.120,86 €	861.926,52 €
<i>Cash Outflows</i>						
Investing Activities						
New Fixed Assets Purchases	- €	- €	- €	- €	- €	- €
Inventory Addition to Bal.Sheet	32,09 €	34,96 €	40,19 €	46,22 €	53,14 €	61,10 €
Cost of Sales	95.520,26 €	198.745,91 €	311.371,84 €	476.036,36 €	616.177,49 €	701.472,76 €
<i>Operating Activities</i>						
Salaries and Wages	21.928,38 €	23.985,42 €	26.235,42 €	28.696,48 €	31.388,41 €	34.332,85 €
Fixed Operating Expenses	17.449,63 €	24.841,83 €	26.580,76 €	28.441,41 €	30.432,31 €	32.562,58 €
Taxes	- €	- €	4.352,15 €	- €	- €	- €
<i>Financing Activities</i>						
Equity investment	- €	- €	- €	- €	- €	- €
Loan Payments	- €	- €	- €	- €	- €	- €
Line of Credit Interest	- €	- €	- €	- €	- €	- €
Line of Credit Repayments	- €	- €	- €	- €	- €	- €
Dividends Paid	- €	- €	- €	- €	- €	- €
Total Cash Outflows	134.930,36 €	247.608,12 €	368.580,36 €	533.220,47 €	678.051,35 €	768.429,29 €
Cash Flow	- 28.414,08 € -	3.400,64 €	14.016,26 €	51.704,45 €	79.069,51 €	93.497,23 €
Operating Cash Balance	- 25.414,08 € -	28.814,71 € -	14.798,45 €	36.906,00 €	115.975,51 €	209.472,73 €
Line of Credit Drawdowns	-	- €	- €	- €	- €	- €
Ending Cash Balance	- 25.414,08 € -	28.814,71 € -	14.798,45 €	36.906,00 €	115.975,51 €	209.472,73 €
Cummulative Cash	-	54.228,79 € -	43.613,16 €	22.107,55 €	152.881,50 €	325.448,24 €
Appendix 05 Line of Credit Balance	- €	- €	- €	- €	- €	- €

	Opening Balance	1	2	3	4	5	6
<b>Assets</b>							
<b>Current Assets</b>							
Cash	3.000,00 € -	25.414,08 € -	28.814,71 € -	14.798,45 €	36.906,00 €	115.975,51 €	209.472,73 €
Accounts Receivable	- €	- €	- €	- €	- €	- €	- €
Inventory	2.035,33 €	2.067,42 €	2.102,38 €	2.142,57 €	2.188,79 €	2.241,93 €	2.303,03 €
Prepaid Expenses	4.276,96 €	4.276,96 €	4.276,96 €	4.276,96 €	4.276,96 €	4.276,96 €	4.276,96 €
Other Current	- €	- €	- €	- €	- €	- €	- €
<b>Total Current Assets</b>	<b>9.312,29 € -</b>	<b>19.069,70 € -</b>	<b>22.435,38 € -</b>	<b>8.378,92 €</b>	<b>43.371,75 €</b>	<b>122.494,39 €</b>	<b>216.052,72 €</b>
<b>Fixed Assets</b>							
Real Estate-Land	- €	- €	- €	- €	- €	- €	- €
Buildings	- €	- €	- €	- €	- €	- €	- €
Leasehold Improvements	- €	- €	- €	- €	- €	- €	- €
Equipment	- €	- €	- €	- €	- €	- €	- €
Furniture and Fixtures	5.000,00 €	5.000,00 €	5.000,00 €	5.000,00 €	5.000,00 €	5.000,00 €	5.000,00 €
Vehicles	- €	- €	- €	- €	- €	- €	- €
Other Fixed Assets	- €	- €	- €	- €	- €	- €	- €
<b>Total Fixed Assets</b>	<b>5.000,00 €</b>	<b>5.000,00 €</b>	<b>5.000,00 €</b>	<b>5.000,00 €</b>	<b>5.000,00 €</b>	<b>5.000,00 €</b>	<b>5.000,00 €</b>
<b>Less: Accumulated Depreciation</b>	<b>- €</b>	<b>1.000,00 €</b>	<b>2.000,00 €</b>	<b>3.000,00 €</b>	<b>4.000,00 €</b>	<b>5.000,00 €</b>	<b>5.000,00 €</b>
<b>Total Assets</b>	<b>14.312,29 € -</b>	<b>15.069,70 € -</b>	<b>19.435,38 € -</b>	<b>6.378,92 €</b>	<b>44.371,75 €</b>	<b>122.494,39 €</b>	<b>216.052,72 €</b>
<b>Liabilities and Owner's Equity</b>							
<b>Liabilities</b>							
Accounts Payable	- €	- €	- €	- €	- €	- €	- €
Loan Payable	- €	- €	- €	- €	- €	- €	- €
Mortgage Payable	- €	- €	- €	- €	- €	- €	- €
Credit Card Debt	- €	- €	- €	- €	- €	- €	- €
Other Bank Debt	- €	- €	- €	- €	- €	- €	- €
Line of Credit Balance	- €	- €	- €	- €	- €	- €	- €
<b>Total Liabilities</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>	<b>- €</b>
<b>Owner's Equity</b>							
Common Stock	14.312,29 €	14.312,29 €	14.312,29 €	14.312,29 €	26.999,95 €	46.530,62 €	145.883,97 €
Retained Earnings	-	29.381,98 € -	33.747,66 € -	20.691,21 €	17.371,79 €	75.963,78 €	70.168,74 €
<b>Total Owner's Equity</b>	<b>14.312,29 € -</b>	<b>15.069,70 € -</b>	<b>19.435,38 € -</b>	<b>6.378,92 €</b>	<b>44.371,75 €</b>	<b>122.494,39 €</b>	<b>216.052,72 €</b>
<b>Total Liabilities and Owner's Equity</b>	<b>14.312,29 € -</b>	<b>15.069,70 € -</b>	<b>19.435,38 € -</b>	<b>6.378,92 €</b>	<b>44.371,75 €</b>	<b>122.494,39 €</b>	<b>216.052,72 €</b>
	Balanced!	Balanced!	Balanced!	Balanced!	Balanced!	Balanced!	Balanced!

Income Statement			1	2	3	4	5	6
Income			106.516,28 €	244.207,48 €	382.596,63 €	584.924,92 €	757.120,86 €	861.926,52 €
Cost of Sales	81,68%	of sales	95.520,26 €	198.745,91 €	311.371,84 €	476.036,36 €	616.177,49 €	701.472,76 €
<b>Gross Margin</b>	18,32%	of sales	<b>10.996,03 €</b>	<b>45.461,57 €</b>	<b>71.224,79 €</b>	<b>108.888,56 €</b>	<b>140.943,37 €</b>	<b>160.453,76 €</b>
Salaries and Wages			21.928,38 €	23.985,42 €	26.235,42 €	28.696,48 €	31.388,41 €	34.332,85 €
Fixed Operating Expenses								
Advertising			- €	- €	- €	- €	- €	- €
Car and Truck Expenses			- €	- €	- €	- €	- €	- €
Bank & Merchant Fees			- €	- €	- €	- €	- €	- €
Conferences & Seminars			- €	- €	- €	- €	- €	- €
Dues and Subscriptions			- €	- €	- €	- €	- €	- €
Miscellaneous			- €	- €	- €	- €	- €	- €
Insurance (Liability and Property)			34,10 €	72,98 €	78,09 €	83,55 €	89,40 €	95,66 €
Licenses/Fees/Permits			- €	- €	- €	- €	- €	- €
Legal and Professional Fees			- €	- €	- €	- €	- €	- €
Office Expenses & Supplies			3.600,00 €	7.704,00 €	8.243,28 €	8.820,31 €	9.437,73 €	10.098,37 €
Postage and Delivery			- €	- €	- €	- €	- €	- €
Rent (on business property)			5.612,94 €	12.011,69 €	12.852,50 €	13.752,18 €	14.714,83 €	15.744,87 €
Rent of Vehicles and Equipment			4.800,00 €	- €	- €	- €	- €	- €
Taxes-Other			2.082,59 €	2.228,37 €	2.384,35 €	2.551,26 €	2.729,85 €	2.920,94 €
Telephone and Communications			300,00 €	642,00 €	686,94 €	735,03 €	786,48 €	841,53 €
Travel			- €	- €	- €	- €	- €	- €
IT services (infrastructure, security etc)			600,00 €	1.284,00 €	1.373,88 €	1.470,05 €	1.572,96 €	1.683,06 €
Utilities			420,00 €	898,80 €	961,72 €	1.029,04 €	1.101,07 €	1.178,14 €
Others			- €	- €	- €	- €	- €	- €
<b>Total Operating Expenses</b>			<b>17.449,63 €</b>	<b>24.841,83 €</b>	<b>26.580,76 €</b>	<b>28.441,41 €</b>	<b>30.432,31 €</b>	<b>32.562,58 €</b>
Other Expenses								
Depreciation			1.000,00 €	1.000,00 €	1.000,00 €	1.000,00 €	1.000,00 €	- €
Interest								
Commercial Loan			- €	- €	- €	- €	- €	- €
Commercial Mortgage			- €	- €	- €	- €	- €	- €
Line of Credit			- €	- €	- €	- €	- €	- €
Credit Card Debt			- €	- €	- €	- €	- €	- €
Other Bank Debt			- €	- €	- €	- €	- €	- €
<b>Total Other Expenses</b>			<b>1.000,00 €</b>	<b>1.000,00 €</b>	<b>1.000,00 €</b>	<b>1.000,00 €</b>	<b>1.000,00 €</b>	<b>- €</b>
Income B4 Taxes			- 29.381,98 €	- 4.365,68 €	17.408,61 €	50.750,66 €	78.122,65 €	93.558,33 €
(25%)	25,00%	Inc Tax	- €	- €	4.352,15 €	12.687,67 €	19.530,66 €	23.389,58 €
<b>Net Income</b>			<b>- 29.381,98 €</b>	<b>- 4.365,68 €</b>	<b>13.056,46 €</b>	<b>38.063,00 €</b>	<b>58.591,99 €</b>	<b>70.168,74 €</b>